

Message Text

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PAGE 01 STATE 117990
ORIGIN NEA-10

INFO OCT-01 ISO-00 SS-15 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
NSCE-00 SSO-00 USIE-00 INRE-00 AID-05 IGA-02 EB-07
OMB-01 TRSE-00 COME-00 AGR-05 /070 R

DRAFTED BY NEA/PAB:PWLANDE/MW
APPROVED BY P - MR. HABIB
NEA:ADUBS

-----211721Z 124759 /50

O 211648Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY DACCA IMMEDIATE

C O N F I D E N T I A L STATE 117990

E.O. 11652: GDS

TAGS: PFOR, EAID, BG, US

SUBJECT: BANGLADESH-U.S. RELATIONS: ADMIRAL KHAN'S
MEETING WITH UNDER SECRETARY HABIB

1. ADMIRAL KHAN CALLED ON UNDER SECRETARY HABIB MAY 20.
KHAN WAS ACCOMPANIED BY AMBASSADOR SIDDIQI AND MINISTER
KABIR. HABIB WAS ACCOMPANIED BY DEPUTY ASSISTANT SECRETARY
DUBS AND PAB DIRECTOR LANDE. THE HOUR-LONG MEETING - -
CLUDED A BROAD VARIETY OF BILATERAL MATTERS AS WELL AS AN
EXCHANGE OF VIEWS ON SOUTH ASIAN AFFAIRS IN GENERAL. SEPTTEL
WILL DEAL WITH LATTER SUBJECT.

2. ADMIRAL KHAN STATED THAT THE PURPOSE OF HIS MEETINGS IN
WASHINGTON WAS TO SEEK TO OBTAIN AN INCREASE OF 150,000
TONS IN PL 480 GRAIN DURING FY 77 THUS REACHING OVERALL
LEVEL OF 500,000 TONS, AND TO SECURE U.S. AGREEMENT TO PRO-
VIDE 40,000 TONS OF VEGETABLE OIL AND 20,000 TONS (SIC) OF
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 STATE 117990

COTTON. KHAN STATED THAT THE WEATHER SITUATION IN BANGLADESH
WAS POOR AND THAT THE RICE CROP IN LOW LYING AREAS HAD BEEN
DESTROYED. THIS YEAR'S CROP WOULD CLEARLY BE BELOW LAST
YEAR'S LEVELS AND BANGLADESH WANTED TO ACHIEVE A STOCK LEVEL
OF 800-900,000 TONS IN NOVEMBER-DECEMBER.

3. HABIB REPLIED THAT THE USG'S POLICY WAS TO BE AS HELPFUL

AS POSSIBLE. BANGLADESH'S NEEDS SHOULD BE DISCUSSED WITH AMBASSADOR MASTERS SO THAT A DECISION COULD BE REACHED HERE. DUBS AND LANDE NOTED THAT IT WAS AMBASSADOR MASTERS' VIEW THAT THERE WAS NO NEED AT PRESENT FOR ADDITIONAL FOOD GRAIN ABOVE THE 350,000 TON LEVEL IN FY 77. WE WERE CONCERNED ABOUT PORT CONGESTION, STORAGE CAPABILITY, AS WELL AS THE EFFECT OF EXCESSIVE SHIPMENTS ON DOMESTIC PROCUREMENT AND PRICES IN BANGLADESH.

4. AMBASSADOR SIDDIQI ASSERTED THAT THERE WAS INTERNATIONAL AGREEMENT THAT BANGLADESH SHOULD HAVE A STOCK LEVEL OF 900,000 TO ONE MILLION TONS. LANDE NOTED THAT THIS STOCK LEVEL POSITION REFERRED TO THE MIDDLE OF THE CALENDAR YEAR AND THERE WAS GENERAL INTERNATIONAL AGREEMENT THAT A STOCK LEVEL OF 800-900,000 TONS AT THE END OF THE YEAR WOULD SEVERELY DEPRESS DOMESTIC PRICES AND POSSIBLY LIMIT PROCUREMENT. IT WAS AGREED THAT WE WOULD PROVIDE KHAN WITH OUR STATISTICS ON STOCK LEVELS, DRAW-DOWNS, ARRIVALS, ETC., AND A REPLY ON ANY FURTHER POSSIBLE COMMITMENT FOLLOWING CONSULTATION WITH AMBASSADOR MASTERS. (SEE SEPTTEL)

5. WITH RESPECT TO VEGETABLE OIL, HABIB STATED THAT, DUE TO SHORTAGES IN THE U.S., IT WOULD PROBABLY BE ONLY POSSIBLE TO SUPPLY 10,000 TONS. KHAN COUNTERED WITH A REQUEST FOR 20,000 TONS. IT WAS AGREED THAT WE WOULD CONSULT WITH AGRICULTURE, AID AND OMB AND, IF AT ALL POSSIBLE, GIVE KHAN A REPLY DURING THE NEXT WEEK. WITH RESPECT TO COTTON, LANDE NOTED THAT AVAILABILITY SITUATION IN US WAS SUCH THAT IT PRACTICALLY IMPOSSIBLE TO PROVIDE ANY COTTON THIS FISCAL

CONFIDENTIAL

PAGE 03 STATE 117990

YEAR. HOWEVER, WE AGREED TO ALSO LOOK INTO THIS.

6. ADMIRAL KHAN RENEWED HIS REQUEST FOR DEFENSE ASSISTANCE. HABIB REPLIED THAT THERE WAS NO CHANCE WHATSOEVER FOR ANY FORM OF LOANS OR GRANTS FOR DEFENSE EQUIPMENT. THIS ACCORDS WITH THE PRESIDENT'S GENERAL POLICY ON LIMITING EXPORTS OF ARMS AS ANNOUNCED ON MAY 19. HABIB NOTED THAT WE WERE PROVIDING A GRANT FOR TRAINING TO THE BDG IN FY77 AND THAT THE LEVEL OF THIS ASSISTANCE WOULD BE INCREASED IN FY78.

7. KHAN AGAIN RAISED THE SUBJECT OF A HYDROGRAPHIC SHIP AND STATED THAT IF AN APPROPRIATE SHIP WERE NOT AVAILABLE, THE BDG WOULD BE HAPPY TO ACCEPT A MINE SWEEPER TO BE USED FOR ITS ORIGINAL PURPOSES. HABIB REPLIED THAT THE MINE SWEEPER THAT WE HAD IDENTIFIED FOR POSSIBLE TRANSFER TO BANGLADESH HAD TURNED OUT TO BE UNAVAILABLE FOR PRACTICAL REASONS, I.E. IT WAS SO OLD THAT SPARES WOULD NOT BE

AVAILABLE. HE STATED THAT WE WOULD KEEP ON LOOKING FOR A
HYDROGRAPHIC VESSEL FOR BANGLADESH.

8. HABIB NOTED THAT IT WOULD BE NECESSARY TO OBTAIN A
PRESIDENTIAL DETERMINATION IN ORDER TO SELL SUCH USED
EQUIPMENT TO BANGLADESH. NOW THAT THE PRESIDENT'S GENERAL
POLICY ON ARMS SALES HAD BEEN RELEASED, IT WOULD BE POSSIBLE
TO EXPLORE SUCH A DETERMINATION.

CHRISTOPHER

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Disposition Approved on Date:
Disposition Case Number: n/a
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